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To: The Honorable Mike Kowall, Chair Senate Economic Development Committee
Senate Economic Development Committee Members

From: Linda Teeter, Executive Director, Michigan Citizen Action

Date: February 23, 2011

RE: HB 4158 H-3, "Shopping Reform and Modernization Act" Testimony

Chairman Kowall and members of the Senate Committee on Economic Development committee:

My name is Linda Teeter and I am Executive Director of Michigan Citizen Action. HB 4158 H-3, as it passed the House, is an improved bill with strengthened consumer protections than the originally introduced legislation.

We support the modification and modernization of how consumers get their information – at retail stores, grocery stores, etc. We understand that for some consumers this change will be seamless, but for others it will be more challenging.

Last evening we made over 400 calls and spoke to 52 consumers on the phone. 63% of these consumers want all retail items to have an individual price tag or sticker. However, 27% of consumers do support allowing retailers to have choices to enhance how notification of pricing is given to customers, with the continued requirement of individual pricing of canned goods and over the counter medication.

As Al Jones, from the Kalamazoo Gazette wrote on Sunday, February 20, and I quote, "Cost-cutting legislation almost always comes at a price."

The price here is consumers' ability to not just know the price of an item, but to be able to have this information on items, which they purchase in large quantities, such as canned goods, and over the counter medications. Our rationale is when a consumer arrives at home with several bags of canned goods that are not marked; it is difficult to recall what each item's cost was as listed on the shelf tag.

We ask for your consideration of the following enhancements to the current version of HB4158, as passed by the House:

- 1) Require posting at the register, by the retailer, giving notification of the change in the item pricing requirements.
- 2) Require a notice to be printed on the cash register tape, for a period of 90 days, of the new requirements after the act takes effect.
- 3) Require food staples to be individually marked – such as canned goods.
- 4) Require over the counter medication to be individually priced.
- 5) Require a yearly report to the legislature by both the Department of Agriculture – Weights and Measures, and the Attorney General's office. The report should include information regarding:
 - a) Status of the implementation of the new law
 - b) Problems which have been encountered by the designated oversight agencies
 - c) Any need for amendments to the law based on consumer experience

We understand that this bill will make its way to the Governor's desk for signature. Our goal has always been to work with the Governor and the Legislature to assure this bill has a positive effect for consumers – not a negative effect for consumers.

BZ=Busy
LM=Left Message

CB=Call Back
NH=Not Home

WX=Disconnected
RF=Refused

XC= Do Not Call
WN=Wrong Number

Hello, my name is _____, and I'm representing Michigan Citizen Action. Governor Snyder has called for eliminating Michigan's Item Pricing Law, and the Michigan House of Representatives has approved legislation known as the Shopping and Modernization Act that would repeal the current law, which requires individual items to be priced/tagged with a sticker. The Michigan Senate is currently considering this legislation, and we expect the Senate to vote on this issue in the near future. Do you have two minutes to participate in a brief questionnaire to help us understand how you feel on this issue?

1. Are you aware of Michigan's Item Pricing Act, which requires retailers and grocers to individually price items such as food and over the counter medicine?

| | | |
|-----|--------|----|
| 1 | 2 | 3 |
| Yes | Unsure | No |

2. Have you ever shopped for groceries in another state that did not require item pricing?

| | | |
|-----|--------|----|
| 1 | 2 | 3 |
| Yes | Unsure | No |

On a scale of one (strongly agree) to five (strongly disagree) please rate the following.

3. Do you want all retail items to have an individual price tag/sticker?

| | | | | |
|----------------|-------|---------|----------|-------------------|
| 1 | 2 | 3 | 4 | 5 |
| Strongly Agree | Agree | Neutral | Disagree | Strongly Disagree |

4. Do you feel that consumers would be more vulnerable to being overcharged if retail items were not individually priced?

| | | | | |
|----------------|-------|---------|----------|-------------------|
| 1 | 2 | 3 | 4 | 5 |
| Strongly Agree | Agree | Neutral | Disagree | Strongly Disagree |

On a scale of one (strongly support) to five (strongly oppose) please rate the following.

5. I would support a law that allows retailers to have the option to price items by using individual pricing stickers, shelf tags, and/or electronic signage.

| | | | | |
|------------------|---------|---------|--------|-----------------|
| 1 | 2 | 3 | 4 | 5 |
| Strongly Support | Support | Neutral | Oppose | Strongly Oppose |

6. I would support a law that allows retailers to not put a price tag on certain items as long as food and over the counter medicines continued to have an individual price tag/sticker?

| | | | | |
|------------------|---------|---------|--------|-----------------|
| 1 | 2 | 3 | 4 | 5 |
| Strongly Support | Support | Neutral | Oppose | Strongly Oppose |

IF OPPOSED TO 5 or 6: "Would you be willing to contact your Senator and express your opposition? Would you be willing to write a letter to the editor of your local newspaper expressing your opinion? _____"

Thank you for your time. Goodbye

Change will be costly whether we see the final price tag or not

Ending item pricing among least volatile items on cuts list

KALAMAZOO — The logic behind eliminating item pricing is clear.

The 1978 item-pricing law has forced thousands of retailers across the state to spend millions of dollars to put price tags on most of their products.

Supporters of legislation to end the practice — which was approved Wednesday in the Michigan House but has to go before the Senate — have said the practice is outdated and there is no tangible proof that tagging everything from hairspray to hammers is a benefit to consumers.

They have argued that putting price tags on retail products — which has been done by countless stockboys and supermarket clerks over the years — prevented merchants from investing in more cost-effective technology.

So retail trade groups support the change, saying it will make way for more innovative and technologically advanced systems such as scanner technology that lets shoppers check prices themselves.

\$2.2 billion cost for retailers

A Dec. 11 report commissioned by the Michigan Retailers Association found that Michigan's item pricing law now adds \$2.2 billion annually to retailers' costs. That costs each Michigan household approximately \$562 per year, according to the report, which was conducted by the Anderson Economic Group and released by the Coalition for Retail Pricing Modernization.

"As the mother of four young children, I understand the importance of getting the most for my money and making the most of my limited time," state Rep. Lisa Lyons, R-Alto, says on her website.

On Jan. 27, she introduced the legislation to end item pricing, responding to statements made by Gov. Rick Snyder in his Jan. 19 State-of-the-State address.

"By eliminating the outdated regulation that each item be individually marked, we can finally provide retailers with the flexibility they need to deliver the most competitive prices and best shopping experience to Michigan consumers," she wrote.

Tougher cuts on the way

I understand why Snyder immediately had item pricing in his cost-cutting gunshots. It was low-hanging fruit on the tree of expenditures he'll have to shake to rescue the state's economy. It involves less shouting than he can expect when he tackles issues like state funding for education or revamping the state's business tax structure.

However, the immediate potential losers if item pricing is eliminated wear aprons and knee pads and are armed only with pricing guns. They are the young



Antiquated? Price tags no longer should be mandatory, Gov. Rick Snyder says.

JONES

ANY COST-CUTTING WILL COME AT A PRICE

CONTINUED FROM F1

people who are trying to work their way up and the older people who are trying to maintain their lifestyles.

Those who say item pricing is a good thing have said changing it will leave some shoppers confused and sometimes cheated by unscrupulous retailers.

It is unclear how many jobs the change-up will cost, but the folks at the United Food Workers Union of Michigan estimate at least 800 will lose their jobs.

"In these rough times, it (utilizing price tags) is the most effective way to comparison shop," Chris Michalakakis, legislative and political director of the UFCW, told the House Commerce Committee on HB-4158 (the repeal legislation) on Feb. 1. "It gives customers a guarantee that the price they see on the item is the exact price they will pay at checkout."

Shelf tags, which stores are expected to use instead of item tags, do not provide such a guarantee, Michalakakis said. The new legislation requires merchants to post prices nearby.

Among other things Michalakakis said:

- Promoting electronic shelf labels will make it easy for retailers to engage in price discrimination and change prices throughout the day depending on who is shopping.
- There is nothing in the current law that prevents retailers from investing in more innovative technology.
- And the estimated \$2 billion that will be "saved" is actually money that will come out of the pockets of Michigan workers.

"This will mean 800 members of UFCW laid off and thousands of other workers collecting unemployment or underemployment," he said. Cost-cutting legislation almost always comes at a price.

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